

The NEW LEAF

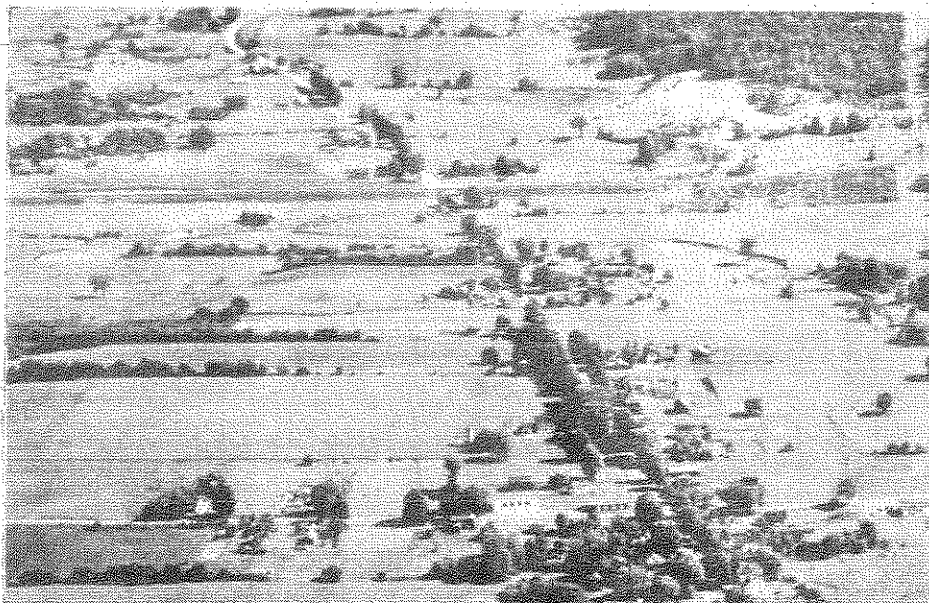
"EQUAL OPPORTUNITY FOR ALL SPECIAL PRIVILEGE FOR NONE"

Vol. 1, No. 9

Published by Land Equality And Freedom

December, 1975

Colorado Assessors Favor Speculators



Around almost every urban area is found land speculation, and sprawl.

Indiana, Nebraska Express Interest in Land Value Tax

Richard D. Doyle, a member of the House of Representatives of the State of Indiana has invited Dr. Steven Cord, Vice-President of LEAF and editor of the LEAF-sponsored journal, *Incentive Taxation*, to address the Indiana Legislature on the land value tax. Dr. Arthur Becker, Professor of Economics at the University of Wisconsin at Milwaukee (and himself a staunch LEAF member), and Perry Prentice, former Vice-President of Time-Life, Inc., and President of the Robert Schalkenbach Foundation, will also address the Indiana Legislature on the same subject.

Mr. Doyle, in a letter to Dr. Cord, said: "It appears that our interim study committee should recommend the creation of a study commission with staff, etc., to study the land tax as it would apply to Indiana. It is my hope that you will provide us with guidance concerning the organization

of that study, what that study might reveal, your thoughts in areas that should be examined into, and particularly any thoughts you may have as would apply to Indiana.

The Coordinator of the Economic Development Division, Housing and Community Development Dept. of the City of Omaha, Nebraska, says, in a recent letter to Perry Prentice, "An obtainable goal is to implement a graded property tax by applying different percentages of actual value, as opposed to variable rates, so that various rate limits need not be changed or made more complicated."

In furtherance of this objective, he presented a "Proposed Law for Differential Assessment of Land and Improvements by County Jurisdiction," which would require an amendment to the Nebraska statutes. The gist of the proposed law is that land other than agricultural or railroad

Continued on page 3

According to an article by Chris Whitbeck in the *Denver Post* (9/4/75), land speculators have been receiving favored treatment by some Colorado Assessors, in spite of the fact that such practice is illegal. State Property Tax Administrator Ray Carper said he was not aware of the reported practice of discounting the value of speculatively held land to a fraction of what it should be, but he said the practice, if and to the extent it exists, "goes against the whole theory of property taxation," and is discriminatory against homeowners.

Four County assessors--of Adams, Jefferson, El Paso, and Douglas Counties--admit to the practice of favoring speculatively held land, and contend that the practice is quite widespread in other counties, also. The practice is to discount the value of vacant land by one-half or two-thirds. Some land in Jefferson County is assessed at less than 1 per cent of its market value. One of the assessors justifies favoring vacant land on the Robin Hood theory of favoring the "little guy." No data were given, however, to substantiate this position.

One bit of data will give an example of how vacant land is favored. One tract of 206.9 acres in Adams County, zoned for high-density, multi-family homes, was sold in 1973 for \$1,388,400. According to the Adams County Assessor's office, the land is assessed at only \$20,700--about 1.5 per cent of its 1973 market value. The Assessor said he granted the discount because he believes vacant land "is really of no benefit to anyone. You can't use it until you get the services, and the owners are not deriving any income from the property. My philosophy is that if it's unusable, and there are no services or anything, it shouldn't be paying full valuation." (We wonder, if this is the case, why Celebrity Homes, the 1973 purchaser, paid over one

Continued on page 3

Editorial

What's Wrong With Land Speculation?

What's the difference between speculating in land, and in commodities? Speculating in commodities often has the effect of equalizing the price. Speculators buy when supplies are abundant and prices are low, keeping prices from falling too drastically, and then bring out their supplies when prices are higher, thus tending to put more supply on the market when it is needed, bringing down prices somewhat.

Not so with speculating in land. The reason is because of the fixity of supply of land--what economists call the "inelasticity of supply." The process of land speculation, if it involves holding land off the market--or what amounts to the same thing, holding it for a price higher than it is currently worth--causes land prices to be generally higher than they would be without speculation. The remaining land commands a higher rent and price, thus changing somewhat the distribution of income among the factors of production. With land and natural resource owners getting a larger slice of the pie of GNP, less is left for the active factors of production. This has been linked in a causative manner with fluctuations in the business cycle.

Further, if speculation in commodities succeeds in raising the price, producers (farmers, for instance) will produce more next time around; and the increased supply will tend to bring the price back down again. But, due to the fixity of supply of land, if speculation raises land's price, no more can be produced, so the price goes up and stays up. Speculation in anything with a fixed supply would have the same effect; for instance, Rembrandt paintings. The only difference is that paintings are not essential for life, whereas access to land definitely is.

Land Values Keep Rising

Iowa farm land averages \$810 per acre, jumping 84 per cent in the last 30 months, with some of it bringing as much as \$1600 to \$1700 per acre in public auction (Mt. Pleasant, Iowa *News*, 9/15/75, and Holstein, Iowa *Advance*, 9/11/75). This, however, contrasts with an appraisal of between \$600,000 and \$700,000 for about one acre of land in Hermosa Beach, California, 210 feet of which front on the Pacific Ocean Strand. The latter property is owned by the City of Hermosa Beach, a not so affluent suburb of Los Angeles, and is the site of the former Hermosa Beach Biltmore Hotel (*Los Angeles Times*, Sept. 25, 1975). The appraisal was given by a Hermosa Beach realtor, who cited a beachfront 30-foot lot that sold recently for \$70,000. And if the site were just slightly farther north, in the more desirable Los Angeles suburban beach communities of Marina Del Rey, Santa Monica, or Malibu, the sites would doubtless be worth considerably more.

The City of Provo, Utah has recently signed an agreement with Wilderness Associates, giving them an option to purchase 87 acres of land east of the city for a little over \$610,000, an average of \$7,000 an acre (Brigham

Young University *Daily Universe*, 9/16/75).

The option was negotiated over the protests of a couple of BYU students, who requested that the City put the land up for public bid or hold a referendum on the issue. If Wilderness Associates has not begun development of the land by July, 1976, it reverts to the City of Provo.

(We might add that there is another, and far preferable way to arrange for use of municipally-owned land by private enterprise: retain title by the city, but lease the site, providing for updating of rents as land values rise--Editor.)

Near Charleston, W. Va., a company called West Virginia Birmingham Bolt recently purchased 5-1/2 acres, in a developing industrial park, for \$110,000, an average of 20,000 an acre. The company bought the land from the Charleston Regional Chamber of Commerce and Development, and plans to construct a plant to produce mine roof bolts (Kanawha, Va., *Leader*, 8/28/75).

The State of Kentucky, in a condemnation procedure, was ordered by a jury to pay \$27,500 for approximately 16 acres of farm land. This

Continued on page 3

New Jersey Land Trade Called Inequitable

An editorial in the Bricktown, N.J. *Observer-Courier Sun* (Sept. 5, 1975) questions the equity of a land swap by the municipality and the American Legion. The two properties were supposed, according to law, to be of equal value. The lot that the township acquired, however, cost the Legion \$1,650 in 1969, while the one given to the Legion brought \$50,000 two years later. In fact, principals of the corporation which paid the Legion this amount for the lot one month after planning board approval for 50 apartment units, had been seeking the property seven months before the sale.

The Grand Jury released findings in connection with the deal, saying "officials should or ought to have known that the properties were of unequal value," and that, while failing to solicit an unbiased assessment of the property, the officials accepted the appraisal of the Assessor, who "grossly undervalued the one property."

N.J. Sewer Project to Boost Land Values

Six municipalities north of Trenton, N.J. are planning a comprehensive regional sewer system: the Stony Brook Regional Sewer Authority. Underscoring the importance of the project, a recent New Jersey State Department of Community Affairs study (*Trenton Sunday Times and Advertiser*, Aug. 31, 1975) stated:

"While sewers may seem like the most mundane of subjects, they are actually a key determinant in the future of a municipality. Today, outside of the general economy, sewers are the critical ingredient for growth."

One impact study estimated that the population of the area to be served will triple in population in the next 15 years. A Department of Community Affairs planner, Richard Binetsky, said, "While prices for land in that area are already high, sewers are just going to kick them up some more."

One indication of what has already happened, reflecting the growth of land values and population, is in East Windsor, where during the 1960's the population grew by 410 per cent, while land values rose in excess of 600 per cent. Adequate sewers are projected to accelerate land values in the undeveloped areas by an even larger margin.

Colorado Assessors

(Continued from page 1)

and one-third million dollars for the land--Editor.)

The Jefferson County Assessor combines discounts for vacant land with low, out-of-date assessments, resulting in land assessments that frequently approximate less than 1/2 of 1 per cent of true value, instead of the 30 per cent required by law.

Some of the assessors practicing favoritism for vacant land said they would reform, if the State made them adhere to the law, but one assessor said he would tell the State Property Tax Administrator to "Go to ----!"

Indiana & Nebraska

(Continued from page 1)

right-of-way land shall be assessed at sixty per cent of actual value for three years, then at eighty per cent for another three years, and at one hundred per cent thereafter. At the same time all improvements are to be assessed at thirty per cent of actual value for three years, then at twenty-five per cent for another three years, and at twenty per cent thereafter. This law has not yet been passed by the Nebraska Legislature.

Land Values

Keep Rising

(Continued from page 2)

amounts to approximately \$1,700 an acre (Eddyville, Ky. *Herald-Leader*, 9/10/75).

From Greensboro, North Carolina comes word that the David Caldwell Log Cabin Corp., paid \$52,000 for 1.86 acres, representing the balance needed for a memorial park (Greensboro *Record*, 9/10/75). This averages \$28,000 per acre.

Bergen County, N.J. is considering acquiring 619 acres of land, to add to its parkland reserve, for between \$2,000 and \$2,500 an acre (Patterson, N.J. *News*, 9/11/75).

Elsewhere in New Jersey, the township of Parsippany, hopefully with the aid of a State grant, is negotiating with bankrupt Bloomfield College to purchase 320 odd acres for recreational use. The township's appraisers put the value of the land at around \$4.3 million, while college officials claim it's worth over \$5 million (Denville, N.J. *Citizen*, 9/3/75). This figures out at over \$15,000 an acre.

Also in New Jersey, the Redevelopment Agency in Wildwood is offering developers parcels of land for \$285 per square foot, which the agency claims is a "bargain" (Wildwood, N.J. *Leader*, 9/4/75).

N.Y. Tax Proposed on Windfall Profits From Land Rezoning

New York State Assemblyman George Hochbrueckner recently introduced a bill that would have provided for a 25 per cent tax on windfall profits from land rezoning (Jamaica, N.Y. *Press*, Sept. 13, 1975). It didn't pass, but came close.

Assemblyman Brian Sharoff, of Sheepsheads Bay, Brooklyn, who heads the Assembly Committee on Real Property Taxation, has been holding hearings in Suffolk and Queens (Long Island), aimed at examining suspected windfall profits in large-scale rezonings. Said Sharoff: "Speculators may as a practice 'force down' the cost of land in Queens communities so they can have it rezoned and sold for use as sites for health related or senior citizen facilities."

The projected windfall profits tax would be administered by local governments, and the funds would remain in the local communities. Accordingly, no resistance is expected from local officials.

N.Y. Constitution on Land Property

"The people of this state, in their right of sovereignty, are deemed to possess the original and ultimate property in and to all lands within the jurisdiction of this state."

--Constitution of N.Y. State, Article I, Section 10.



Our warmest wishes for
a Joyous holiday season.

In Memorium: Joseph Venturella

We were saddened to learn of the passing on October 11, 1975, of the veteran land value tax advocate, Joseph Venturella, in Chicago. Mr. Venturella was born in Italy in 1902, and came to the United States in 1921.

He was Vice-President of the Henry George School in Chicago. He published *Tax Reform with Justice* in 1970, and translated *Economics Simplified*, by Dr. E.E. Bowen, into Italian. Recently he succeeded in having two Illinois legislators co-sponsor a bill which would permit adoption of a graded tax plan in Illinois counties of less than 200,000 population.

He is survived by, among others, a brother, Salvatore "Sam" Venturella, a leading LEAFer in Chicago.

Government Subsidy for Land Speculator

From the *Wall Street Journal*, Aug. 29, 1975:

"Sprucing up Lucy costs taxpayers \$178,000 since 1971. Lucy is a giant wooden elephant built in 1881 by a Margatte, N.J. land speculator to attract tourists. Officially designated a 'historic' landmark by the government, Lucy is about to get her third infusion of federal cash for repairs; this time it's \$70,000 from HUD."

How to Join

It's simple, just check the membership level you desire and fill in the form below. Send it to LEAF's national headquarters or turn it in to your local branch.

Membership Form

You can count on me as a LEAF member at the level checked below:

- | | |
|--|--|
| <input type="checkbox"/> Regular . . . \$15 Yearly | <input type="checkbox"/> Friend of LEAF |
| <input type="checkbox"/> Sustaining (\$5. monthly) | <input type="checkbox"/> Contribution \$_____ |
| <input type="checkbox"/> \$60. Yearly | <input type="checkbox"/> Check Enclosed <input type="checkbox"/> Bill Me |
| <input type="checkbox"/> Contributing (\$10 monthly) | |
| <input type="checkbox"/> \$120. Yearly | |

Name: _____ Branch: _____

Address: _____

City: _____ State: _____ Zip: _____

BRANCH NEWS

Chicago

Chicago LEAFer Bill Ranky recently spoke to a class in urban planning at the University of Illinois Chicago Circle Campus, on land value taxation. He was invited to give the talk by the instructor, Arthur Lyons.

Another active LEAFer, Bob Jene, is planning to enter the primary campaign for State Senator in March, 1976. He hopes to organize his campaign and run on a platform of land value taxation.

Los Angeles

Wilbur Pereira arranged for Morgan Harris to address more than 1,000 persons on November 15, at a property tax relief workshop, sponsored by the Westchester-Playa del Rey Taxpayers' Assn., held at the Westchester High School auditorium. The title of his talk was: "Why Most Tax Reform Proposals Are a Shell Game and What You Can Do About It." The two other speakers were Howard Jarvis, state chairman of United Organization of Taxpayers, and John Kearney, deputy Los Angeles County Assessor.

Mr. Harris' talk pointed up the merits of untaxing improvements, and collecting the community-created location values for local government purposes. LEAFers Harriet Wendell, Martin Kob, and Wilbur Pereira placed themselves at the entrance-foyer tables with LEAF brochures and copies of Mr. Harris' talk. Pereira says, "I think the presentation will have favorable results far beyond the immediate results at the auditorium."

Good press coverage was obtained, with the essence of Mr. Harris' presentation given.

Seven LEAF branches have set up the Metropolitan Coordinating Coun-

cil/LEAF. The branches are: San Fernando Valley, Westside, South Bay, Long Beach-San Pedro, Orange County, Northeast, and Central Los Angeles. Members and friends meet weekly for lunch.

The organization was kicked off with considerable impetus on November 20 in the conference room of Great Western Savings & Loan Assn., Fairfax and Beverly. A follow-up meeting was held just three days later on Sunday, November 23, with a pot luck affair at the home of Mr. and Mrs. Roy Begley, in Sierra Madre. It was a time of real fellowship and inspiration.

Minneapolis

Although Minneapolis has not formed a LEAF branch yet, LEAF friends there are active. Mrs. Ruth Pearson (sister of LEAFer Earl Hanson) reports that there will be another forum on land value taxation at the Unitarian Church on January 4, arranged by the Assessor, Lucius Johnson. Our friend John Burger will be in charge of the program. The film, "One Way to Better Cities" will be shown, and LEAF literature is to be distributed.

Santa Cruz

We quote from a story on November 6 in the *Santa Cruz Sentinel*:

"Vacant lands in the county may be under-assessed--which could mean homeowners are carrying a greater tax burden, according to a recent study done by LEAF (Land Equality and Freedom), a local tax group.

"County supervisors are expected to take a look at the study to see if its charges are correct, according to Supervisor Gary Patton. Bob Colonna, head of LEAF, has called for an in-

dependent audit of assessment practices in the county.

"The study included a random sample of 400 properties in the county and took nearly three months to complete. The report showed 'gross tax inequities in the form of under-assessments in vacant land and low-improvement property.' The average ratio of these assessments to market value was 15 to 17 per cent, said the study. Assessments, ideally, should reach 25 per cent of market value...

"The report points out if the alleged assessment 'inequities' were resolved, the county would have an additional \$55 million in its tax base...

"Because of local assessment practices, homeowners are forced to pay more than they should, Colonna charged. Under-assessed property means the tax rate must go up to generate more revenues, he explained...

"His report claimed residences were generally assessed to within 21 per cent of market value, vacant land was 15 per cent... and low improvement land was 17 per cent. Colonna said he has also submitted the report to the county grand jury.

"LEAF lists itself as a community action group based in San Diego. Nine local residents were listed as taking part in the study."

Sacramento

The Assessment Practices Study Committee, under the leadership of Mal Morey, met on October 30 at the Winterbottom home. Members are researching specific parcels to determine whether, in the recent reassessment, comparable increases were made in the valuation of homes and vacant or underused land.

The Sacramento branch salutes two new members: Valeria Christiansen and Marion Brunia.

THE NEW LEAF

Published monthly by
Land Equality And Freedom
454 Mission Valley Center West
San Diego, Calif. 92108

Wm. B. Truehart . . . Editor

National Directors and Officers.

Dr. William Filante, Pres.
Dr. Steven Cord, Vice-Pres.
Dr. Wm. Truehart, Sec'y
Nicholas Lenten, Treas.
Hood Morrow, Board Chrmn.
Harry Pollard, Media Chrmn.
Everett Seeley, Finance Chrmn.
Robert Tideman, Natnl. Coordinator



LEAF

Land Equality And Freedom

NATIONAL HEADQUARTERS
454 MISSION VALLEY CENTER WEST
SAN DIEGO CALIFORNIA 92108

Mr. Robert Clancy
33-53 - 82nd Street
Jackson Heights, N. Y.
11372

ADDRESS CORRECTION REQUESTED

BULK RATE
U.S. Postage
PAID
San Diego, Ca.
Permit No. 618